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HEALTH REFORM AND DECENTRALIZATION PROJECT
REDSALUD

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Abt Associates Inc.
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To

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Table of Contents

Executive Summary....3

Introduction....4

Results Framework....4

Health and Social Insurance Issues and a New Dominican Strategy....5

Strategies....6

Key Technical Achievements....8

General....8

Local Health Service Strengthening Component....10

SESPAS Support Component....12

Policy Environment Support Component....13

Year 2 Outlook and Beyond....14

Conclusions....16

Annex

A. Results Framework
B. Presentations and documents by REDSALUD during Year 1
C. REDSALUD Networking
D. Training Activities in Support of a Critical Mass for Health Reform in the DR
E. Field Visits carried out by REDSALUD during Year 1

Executive Summary

In July 2000, USAID signed a contract with Abt Associates Inc. to implement the Health Reform and Decentralization Project – REDSALUD, a five-year, bilateral program designed to support the health reform process in the Dominican Republic (DR). REDSALUD will contribute to USAID's Strategic Objective 2 "to increase the use and sustainability of basic health services and practices." Following a three-tiered strategy, REDSALUD implements three technical components, which operate in an integrated fashion. These technical components are (a) support to local health service delivery, (b) support to the central level of the Ministry of Health -- SESPAS, and (c) support to build and sustain a favorable policy environment for health reform. REDSALUD follows up on progress made by the Partnerships for Health Reform project, which implemented USAID's first stage in support of reforms in the DR.

During the first half of Year 1, REDSALUD focused on start-up activities, such as consolidating a technical team, setting up an office, introducing the project objectives and approach, and establishing working relationships with key counterparts. In the second half of the year we began full-scale field implementation, particularly after SESPAS assigned a portion of Region "0" and all of Region "V" to REDSALUD. This territory represents a total of 8 local health districts (6 provincial health directorates [DPSs] and 2 municipal health areas [MHAs]) serving at least 600,000 people. Field implementation included preparing a workplan; producing approximately 30 conceptual documents, tools, and presentations; performing over 50 field visits; sponsoring about 10 training activities; and developing working relationships with almost two dozen local and international organizations. We also drafted a results framework, a living tool that has evolved according to changes in the environment and adjustments in the project strategy. In addition, we established an Advisory Council, comprised of high-level representatives from key counterpart institutions, charged with providing guidance and support to REDSALUD.

One important result achieved during Year 1 was the award of three grants in support of demonstration projects in the provinces of Hato Mayor, El Seibo, and La Romana. These awards resulted from a competitive process among all five provinces in Region V, an unprecedented experience in the history of public health care in the DR. These demonstration projects will assist local SESPAS agencies to improve organization and management of priority services as a means to introduce and expand broader changes in an incremental manner.

In this report we review both the strategies initially proposed for REDSALUD as well as an assessment of the health reform policy environment done by USAID/W. Throughout Year 1, REDSALUD's activities were highly consistent with the direction suggested in those documents. Furthermore, we believe that with the approval of a new legal framework for reform in the DR, future opportunities for REDSALUD are enhanced. The project faced a number of obstacles during Year 1, which included counterpart skepticism and technical weakness to lead and implement reforms. Partisan politics remains an ongoing feature of Dominican institutional and personal behavior. These difficulties notwithstanding, the outlook for Year 2 and beyond remains promising, as there are several conditions that will facilitate REDSALUD's work.

Introduction

The United States Agency for International Development (USAID), mission to the Dominican Republic, signed a contract with Abt Associates Inc. for the implementation of the Health Reform and Decentralization Project, REDSALUD, during the period 2000-2005. Other partners in the implementation of the project are Development Associates, Family Health International (FHI), George Washington University, American Manufacturers Export Group (AMEG), and INSALUD, a Dominican organization. The project was launched officially in September 2000.

During its first year of operation the REDSALUD technical team carried out several activities, largely related to the **process** of project start up and initial implementation. We did, however, achieve some important **preliminary results**. This Annual Report is a summary of the project's main accomplishments and approach during the period August 2000 – September 2001. We are reporting on the 13-month period that includes activities beginning since the signing of the contract on July 21, 2000. This report draws information from quarterly reports submitted to USAID during that time. Hence, we refer the reader to those reports if further details are needed on activities highlighted in this Annual Report.

Results Framework

The primary objective of the project has been to contribute to the achievement of USAID's Strategic Objective 2, "To increase the use and sustainability of basic health services and practices." In addition, REDSALUD was designed to contribute directly to the achievement of Intermediate Results 4, "To promote efficiency and equity of basic health services, especially at decentralized levels," and 1, "To foster improved access to HIV/AIDS services and prevention in at-risk and affected populations." The project was also to contribute indirectly to accomplishing Intermediate Results 2 and 3, "To promote access to reproductive health services for specialized populations," and "To foster improved access to selected child survival services," respectively.

Annex A includes REDSALUD's expected results, both at the intermediate and lower level, and their linkage to USAID results. In addition, as a tool for bilateral cooperation, REDSALUD was designed to contribute to the overall objectives of the Government of the Dominican Republic, in which health has been defined as one of the five priority areas of the administration that took office in August 2000. As such, the Dominican Government, under the direction and efforts of SESPAS, has clearly identified the need to strengthen the provision of health services, especially primary health care services, with emphasis on the most vulnerable populations. In addition, with the approval of the General Health (42-01) and the Social Security (87-01) laws during the third quarter of FY2001, the GODR and the country at large made a strong commitment to introduce significant changes to the Dominican health care system. Accordingly, REDSALUD made some strategic adjustments in order to remain consistent with the needs of the country.

Health and Social Insurance Issues and a New Dominican Strategy

The concept of social security is one of long standing in the DR. It began in the mid 1940s as a means to guarantee the supply of healthy sugar cane labor -- a limited scope that proved enduring. By the year 2000, social security barely covered about 8% of the total population, with many exclusions and poor quality. Its retirement pension program was also quite limited. Only a handful of Dominicans benefited from pensions, often inadequate to meet their needs. In 1996 national health accounts data documented serious inequities in the financing, distribution, and use of health care services in the DR. A weak pension plan and inequity in health were two of the main driving forces in the design of a new social insurance and health financing scheme. The new scheme establishes three contribution regimes according to employment status. Only those unemployed and otherwise medically indigent will be fully subsidized by the government. This will effectively end the GODR's paternalistic practice of broad-based subsidies.

The new model for delivery of health services in the DR is known as "managed competition." The approach combines aspects of market competition along with a strong regulatory role for government. As such, the new legal framework introduces key changes such as separation of functions, decentralization, and health care financing through social insurance. Under its sectoral rectorship role, the Ministry of Health will focus on national planning, regulation and control, modulation of financing, and provision of general health promotion and prevention services. Health insurance and financing, as well as the provision of individual medical care will be the responsibility of other entities, both public and private. The National Social Security Council (CNSS) will define the basic benefits package and its financing, based on average premiums, per capita resource allocation, and contract-based purchasing of services.

Decentralization becomes a key strategy for the development and management of the health care delivery system in the Dominican Republic. The new scheme suggests that SESPAS' health authority and public health provider services be planned, regulated, and financed at the central level, but be operationalized at the local level. Likewise, it is envisioned that individual medical care services will be planned, regulated, and financed under the direction of the National Social Security Council, but will be provided at the local or regional level by an array of public or private independent provider organizations. These providers are to compete for consumer support based on quality, since the content and price of the benefits package is predetermined. Consumer choice is a new development in the delivery of health care in the DR.

Service provision will undergo significant changes under the new legal framework. This function will no longer be under SESPAS by and large, although SESPAS will continue to oversee most of the public service network. Insurers will purchase health services from public or private providers through contracts. Providers will be licensed and accredited by SESPAS and should be able to offer integrated services according to the family health insurance benefit package. The new system will focus on demand subsidies as opposed to supply subsidies as presently occurs. Demand subsidies refer to government payments for medical care effectively delivered to consumers. Supply subsidies refer to historical financing of existing infrastructure regardless of productivity or performance.

The new environment is highly supportive of REDSALUD's results framework. The project now has two powerful tools to strengthen reform and decentralization in the DR. The new laws propose a new paradigm for the organization, management, and financing of health care, including priority services such as immunizations, HIV/AIDS prevention, and reproductive health. These programs have been the cornerstone of development assistance among donors, including USAID.

The new framework requires rethinking of the way vertical, centralized priority programs are implemented. USAID results and strategies ought to be consistent with the new approach. Further consideration of this issue will be offered in the section, "Year 2 and Beyond Outlook."

Strategies

In reviewing REDSALUD's vision as presented in the proposal to USAID in early 2000, we indicated that it was "…to increase the use of sustainable basic health services, and to implement effective HIV/AIDS prevention and care programs at the local level in the Dominican Republic." Furthermore, we proposed "to use USAID funds to stimulate the development of local level, integrated health service networks, consisting of both public and private providers – including primary health care and HIV/AIDS prevention and care -- to increase the provision of quality health services to the poor and other consumers." These networks would provide "bottom-up" impetus to leverage changes in resource allocation and to further the decentralization process. We would also "work with, and provide assistance to, central SESPAS and the DPS/DMS as they assume their changing and expanding roles as the managers, regulators, purchasers, and evaluators of health services; and a supportive policy environment will be fostered at national, provincial, and local levels."

To realize this vision, our team would implement three strategies:

> Strategy 1: Implement and evaluate innovative health service networks to deliver affordable, quality, basic health care services (including HIV/AIDS/STI prevention and care) in 14 DPS/DMS.
>
> Strategy 2: Strengthen SESPAS' capacity to manage and regulate, and to allocate resources, for the decentralized provision of affordable, quality, basic health care services.
>
> Strategy 3: Develop a policy environment that supports health sector reform at national, provincial, and local levels.

An analysis of these strategies following the conclusion of the first year of operation reveals their current validity. We should underscore the following aspects:

Strategy 1: Implement and evaluate innovative health service networks in decentralized settings. This approach remains as valid today as when it was first proposed. This is the project's key strategy in the context of the model advanced by the new legal and regulatory framework in the DR. As we detail below, we are fully engaged in the development of a provider network in Region V-SESPAS, which

includes five DPSs. We are working to incorporate several management innovations in the local health delivery system. The design and initiation of the first three demonstration projects, key results achieved during Year 1, are clear evidence that progress has been made. In the near future, once critical steps are taken by the agencies in charge, we will help with the design and implementation of an integrated package of basic health services, including USAID/DR priority health services such as HIV/AIDS prevention and care. The purpose remains to strengthen and better utilize public sector capacity at the local level, developing public/private partnerships and other mechanisms to achieve increased coverage, efficiency, quality of care, and sustainability.

Strategy 2: Strengthen SESPAS capacity to implement effective decentralization. In addition to decentralization, the new legal and regulatory framework mandates separation of functions. This means SESPAS ought to begin a transition process to become a small, policymaking and regulatory body, with specific responsibility for the provision of key public health services (population-based disease prevention and health promotion), while developing institutional capacity at the central and local levels to achieve decentralization. These are important challenges to SESPAS nowadays. This strategy, therefore, remains quite valid for REDSALUD.

Strategy 3: Develop a favorable policy environment. This strategy continues to be highly relevant. Our approach in the policy arena during Year 1 was to foster knowledge and understanding of health reform issues, and to improve coordination and collaboration among key actors, setting the stage for the project. REDSALUD also provided technical assistance in the formulation of the new legal and regulatory framework. In the future we expect to maintain a constructive dialogue grounded in experiences of the demonstration projects at the local level and related efforts in decentralization throughout the DR. The goal remains to establish a political environment that supports the development, implementation, and ownership of solutions that lend sustainability to the new health care system.

Our guiding principles remain just as valid. They are:

- Forging strategic alliances/partnerships
- Integrating HIV/AIDS into every level of health sector reform
- Promoting the sustainability of reforms
- Dominican solutions for Dominican health reform
- Learning by Doing
- Flexibility

A recent internal analysis of REDSALUD's relevance given the changing environment reinforced our commitment to follow these principles. We intend to pursue building the new Dominican health care system by using locally acceptable solutions; by developing local capacity to implement those solutions; by promoting broad consensus; by being attentive to changes and responding accordingly; and by establishing the foundations for a sustainable system.

Within this context, it is crucial that REDSALUD and other technical and financial cooperation programs supported by USAID for the health and population sector be strategically prepared for the impending changes. The new legal and regulatory framework for reform introduces large scale changes that will require a shift in paradigms and assumptions along the path towards development.

Key Technical Achievements

General

This first year of operations for REDSALUD largely focused on process-oriented, start-up activities. We made progress in the establishment of a local office; in the consolidation of the technical team; in the preparation of conceptual and methodological documents geared towards improved project implementation; and in strengthening relationships between the project and a number of national organizations and donors involved in the reform effort.

Setting up a local office was a major undertaking. The process required a great deal of attention as problems were continually in need of resolution to secure an adequate location; to procure furniture, equipment, and vehicles; to comply with Abt and USAID regulations; and to monitor quality of products, while enduring transitional working quarters. The project's technical team demonstrated a high level of commitment and cooperation to do their job despite difficult working conditions.

Year 1 has been a challenge for the project team. We were cognizant of the different backgrounds and experience that each professional brought to bear. REDSALUD, however, required (as it still does) an immense effort to learn new concepts and skills, to translate them into best practices, and to assess one's work critically. The team has undergone significant growth, but the project will demand even more in the future. One of the implicit goals of REDSALUD is to leave behind a group of highly qualified and experienced Dominican change agents that will carry on health reform beyond the life of the project. At this point, we should recognize the role that several outside consultants played to strengthen the local team and our work, such as Luisa Jorge, Michele Teitelbaum, Leonel Valdivia, Henry Jones, and Ann Terborgh.

As part of our technical consolidation process, it was necessary to prepare several conceptual documents and presentations in order to re-interpret and operationalize project ideas and methods in light of the reality at hand. We produced several documents and presentations for internal and, often, external discussion during Year 1. Annex B in the attachment lists over 30 documents and presentations.

In addition, during Year 1 we worked to establish contacts and operational relationships with many counterparts at the national, regional, and local level, as well as with cooperating agencies involved in health reform. REDSALUD's kickoff coincided with a new GODR administration, which took office in August 2000. This change in government brought about an important change in personnel in public institutions. This meant that REDSALUD had (1) a whole new cast of players to get acquainted with, and (2) a need to overcome misconceptions that the project was somehow associated with

the previous government. Thus the need to reinforce links with incoming government officials and other partners. In addition, the purpose of networking with like-minded agencies was to strengthen collaboration and coordination in order to advance the often complex and contentious health reform agenda, which is one of our policy goals. Coordination efforts involved USAID cooperating agencies, such as PRIME II, CMS, EngenderHealth, and AccionSIDA. Annex C highlights our association with several organizations.

During the first half year of operations, the project conducted a number of information dissemination activities to introduce REDSALUD to its Dominican counterparts. In addition, we sought opportunities to participate in groups and meetings geared towards promoting health reform, which was an obscure concept to incoming government officials. This allowed us to get to know our counterparts, to develop mutual trust, and to gain credibility. The fact that REDSALUD followed in the steps of the Partnerships for Health Reform project made the transition somewhat smoother. As the end of Year 1 neared, REDSALUD and its implementation team were seen as valuable partners and technical assets. Our opinions are now valued as demonstrated through invitations to participate in meetings or provide technical inputs. Our fieldwork is followed with a great deal of interest.

An important result achieved during Year 1 was the establishment of the Advisory Council for REDSALUD. Representatives of key counterpart institutions make up this Council. There have been two meetings since its inception in April 2000. In addition to providing guidance, the Council has also served as an informal forum for information sharing, friendly debate, and consensus building.

An important achievement during Year 1 was formulation of the project's results framework. This is an important tool whose development has taken the better part of the second half in the first year of project implementation. This has been a long process because of the need to design an evaluation framework, which accurately depicts a course of action subject to measurement, using simple instruments, in the midst of a changing environment. For example, when REDSALUD was launched, the prospect of a social security law being passed was uncertain. However, this law was enacted in May 2001. Given the changes brought about by the new law, briefly described in a previous section, REDSALUD has had to make some strategic choices in its implementation plan and anticipated results. We anticipate, for example, a greater role in the development of local capacity for service delivery, and increased support to some of the new institutions created by the new social security system. At this point, it is important to acknowledge USAID's role in shaping our plans and results framework.

Given the need to foster, at the national level, a critical mass that is capable of driving and supporting the implementation of health sector reform, the project sponsored or co-sponsored several training activities, in the DR as well as in other countries. In Annex D we highlight some of these activities. We began discussions with a local institution of higher education to explore the possibility of supporting a graduate program in health economics. Although interest appears to have dwindled, we will pursue the idea in Year 2. The next section of this report describes progress in each of the three technical

components – with the proviso that each component is part of a larger whole that functions in an integrated fashion.

Local Health Service Strengthening Component

This component was initially known as the "decentralization" component. We modified its name slightly to better communicate the purpose of this component to government counterparts. The key result for this component is to contribute to strengthening and expanding decentralization in the Dominican health care system.

With this goal in mind, SESPAS assigned Regions "0" and "V" for project implementation in March 2001. This decision sought to focus our use of resources and maximize project impact. REDSALUD began to work in Region V, which includes the provinces of La Altagracia, San Pedro de Macoris, La Romana, El Seibo, and Hato Mayor, with a population of approximately 400,000. Work in Region 0, which includes Areas III and IV in Santo Domingo and the province of Monteplata, will begin in full during Year 2, although some minor activities have already being carried out.

The box below highlights specific results for this component at the end of Year 1.

LOCAL HEALTH SERVICE STREGTHENING COMPONENT KEY RESULTS – YEAR 1
• Operational course of action developed, including work strategies, in coordination with the other two components. • Workplan developed, including the design of the grants support program. • Technical team understands and "owns" the workplan. • Formal contacts with local and regional authorities established. • Work areas or territories selected by SESPAS (Regions "0" and "V"). • Situation analysis for health service management conducted in 5 provinces in Region V. • Demonstration projects formulated, evaluated, and selected (8 proposals submitted and evaluated; three proposals selected). • Three co-financing agreements signed (Hato Mayor, La Romana, El Seibo) as part of the USAID/REDSALUD grants funding program. • Implementation of first three demonstration projects began. • Scope of work for regional health management training program designed (under Abt subcontractor George Washington University). • Instruments for evaluation framework and baseline assessment constructed.

Achieving these results required many activities and tasks, which called for a significant level of effort. Component staff carried out multiple field visits, personal contacts, presentations, and participated in meetings, consultations, and coordination activities. Our quarterly reports submitted to USAID provide further details about these actions. Annex E lists field visits completed during Year 1.

In order to speed up technical and operational consolidation and standardization within the technical team, we conducted collective information dissemination and training efforts over topics such as health care organization, health management, health economics, financing, and health care reform, among others. This allowed for the analysis and discussion of topics relevant to the Dominican reform process. Support by Abt home office staff and consultants contributed to this effort, as mentioned earlier.

The work of this component faced some obstacles, which were largely overcome by the team's greater understanding of the issues, appropriate guidance by the decentralization advisor, and overall support by the rest of the technical team. The start-up of fieldwork activities also contributed to improving team performance. One staff member left the project and was replaced by another with a professional profile better suited to project needs. In addition, integration with the other technical components, i.e. SESPAS support and policy support, improved as the team gained understanding and experience.

An important limitation has been the varying degrees of technical capacity, commitment, and leadership among our counterpart health teams at the local level. This is often reflected in their general approach to business, in the proposals presented, and in comments or opinions provided. REDSALUD worked to enhance these teams' knowledge and skills in order to meet the challenges of the new health care system. In response to the need for continuing capacity building at this level, a regional degree-seeking health management training program is in the design stage and will begin full implementation during Year 2.

Given the role of partisan politics in the health sector in the DR, along with institutional practices that may jeopardize sustainability of any reform process, this component identified the need to develop broad-based support among local actors and the community at large, in order to achieve greater ownership and empowerment. We took initial steps in this direction during Year 1. One example is Hato Mayor's demonstration project, which invited an NGO to carry out a social mobilization intervention. This approach will be further strengthened during Year 2 and beyond.

Finally, last year the REDSALUD team assisted the USAID/DR Office of Health and Population to prepare an integrated solid waste management project proposal to Make Cities Work. This was a competitive grant from USAID/W that offered up to US$50,000 to support a local demonstration project seeking to implement an inter-disciplinary, multi-agency approach to problem-solving. The proposal submitted involved environmental preservation and recovery, community organizing, employment generation, social participation in health. Funding was not approved, but this remains an interesting area for further exploration by USAID and REDSALUD.

Given the level of effort required to implement project activities within this technical component, REDSALUD is considering changes in the organization and staffing pattern. Specifically, we are planning to ask the Policy Coordinator to take over a new DPS manager position. The Policy Coordinator position would remain under supervision by the senior policy advisor, possibly as a consultant position.

SESPAS Support Component

The main objective for this project component has been to provide technical support to SESPAS' central level in order to carry on reform efforts, particularly its institutional and functional transition, as required by the new legal framework. In the box below we summarize this component's most significant results during Year 1. Further details are found in REDSALUD quarterly reports.

CENTRAL SESPAS SUPPORT COMPONENT KEY RESULTS – YEAR 1
• Improved awareness and support for REDSALUD objectives and approach. • Greater knowledge about scope and content of SESPAS' institutional reorganization plan and its implementation. • Technical assistance provided to primary care, immunizations, HIV/AIDS, and tuberculosis programs to understand and discuss transition. • Active involvement in planning and budgeting, human resource management, and quality assurance initiatives. • Greater coordination among health reform interventions.

As with the previous technical component, this one required a significant level of effort to accomplish its programmatic results. Activities performed included institutional contacts with SESPAS departments and programs; participation in meetings; field visits; review of official documents (e.g. civil service law and regulations); training; coordination efforts; and general technical assistance. An important focus for this component's work has been to promote and facilitate coordination both within Central SESPAS and among several health reform programs directed at SESPAS, including PAHO, PROSISA, and CERSS. To this end, REDSALUD participates in several SESPAS thematic groups in order to shape the direction and maximize collaboration for reforms.

This component is responsible for assisting SESPAS to develop its decentralization strategy. In that vein, this component has increasingly worked in closer collaboration with the Local Support Component. In the near future we envision an important bridging role, especially as some demonstration project results are scaled up and institutionalized.

This component includes support for HIV/AIDS prevention and control, which is a special area of emphasis for REDSALUD. This aspect was included in the project design as a means to continue USAID support for SESPAS efforts against the epidemic, particularly through its National AIDS/STD Control Program – formerly known as PROCETS. With the upgrading of PROCETS to a National Directorate – DIGECITSS- the opportunity arose to carry out a broader, inter-sectoral approach. The current GODR, however, established a new cabinet-level coordination agency – COPRESIDA- that took over several of the functions initially assigned to DIGECITSS.

The SESPAS Support Component faced many challenges during Year 1. It took a lot of effort to establish working relations with central SESPAS mid-level managers and staff.

In addition, the SESPAS advisor put a lot of time into turning around the initial mistrust towards REDSALUD. With regards to HIV/AIDS, we have been working carefully towards understanding the roles and responsibilities of the new institutional actors and developing a technical assistance plan accordingly. Given our mandate to strengthen decentralization, it is clear that our focus will be on the local response to deal with HIV/AIDS. We will assist DIGECITSS and COPRESIDA to implement interventions at the local level, taking advantage of opportunities to build inter-institutional and inter-sectoral coalitions and alliances.

A problem all health reform efforts face at SESPAS is the limited amount of financial resources in support of its programs. Throughout Year 1, SESPAS struggled to find a balance between its payroll and its operational needs. Political decisions to favor a bloated bureaucracy hindered SESPAS' capacity to address public health needs effectively. This became evident in SESPAS' response to the polio outbreak detected last year. SESPAS approached REDSALUD requesting support for discrete, unplanned activities. Our position has been to consider each request on a case-by-case basis using criteria such as availability of resources, relevance to project strategies, and USAID approval.

Policy Environment Support Component

The overall objective for this component is to support the maintenance of a favorable policy environment for health reform in the DR, in general, and of the REDSALUD approach and results, in particular. During Year 1, this component worked to establish the project in the context of a policy environment often defined as a "moving target," while trying to influence the course of the larger process itself. During Years 2-4 this component will work closely to support implementation and dissemination of results from our demonstration projects, seeking opportunities to scale them up. At the same time, this component will support efforts to operationalize the new legal framework at decentralized levels. During Year 5, this component will support project wrap-up and sustainability activities. In the box below we include key results achieved by this component during Year 1. Further details may be found in the quarterly reports submitted to USAID.

POLICY ENVIRONMENT SUPPORT COMPONENT KEY RESULTS – YEAR 1
• Relationships with the institutional counterparts of the public sector, international donor organizations, and other key actors established. • Events for the official launch of REDSALUD. • Health reform awareness, information, and knowledge increased among counterparts, including NGOs (systematic information dissemination; training support). • Technical assistance to develop and approve general health law and social security law. • Technical assistance to formulate relevant regulations (provider services, decentralization, procurement). • Methodology developed to prepare political maps for support of health reform at provincial level

INSALUD is an important local partner in support of this component. This institution is a member of the National Health Council, the NGO Monitoring Presidential Commission, and the Inter Institutional Committee for Coordination of Regulations for the Health and Social Security Laws. These relationships provide excellent opportunities to reach out and influence health reform policy formulation and implementation. This function, however, remains a shared responsibility among all project components in a truly integrated fashion.

The policy support component faced some obstacles during Year 1 that were, on the one hand, consistent with the nature of the health reform process, but also related to the context in which such process evolves, i.e. the Dominican sociopolitical and economic environment. Health reform is both a technical and political endeavor. Sound technical interlocutors are in short supply in the country. This justifies the need to develop and strengthen a critical mass of change agents as a policy outcome, through such means as information dissemination, study tours, and training activities. Health reform policy leaders are also scarce. Most leaders share a short-term, self-interested perspective, with little understanding of the complexities of the process. In this context, the approval of a progressive piece of legislation, such as the social security law, is quite remarkable. Political leaders also share a bias towards authoritarian and centralized practices. In this vein, dialogue and consensus building can be elusive in the DR.

The policy environment for health reform has also been affected by the global financial crisis, which, coupled with poor management, limits the availability of resources for effective and sustainable changes. The new social security law creates conditions for wealth generation and redistribution. The Dominican Republic will be clearly challenged by this new legal framework.

Year 2 Outlook and Beyond

REDSALUD is well positioned to make significant progress during the remaining life of the project. A solid foundation was laid out in Year 1. The technical staff shares a common vision, has developed a team spirit, and has improved knowledge and skills on several operational aspects of health reform. Project components are working in a more integrated fashion. Once the start up phase has been completed, Year 2 offers the opportunity to consolidate project implementation, particularly in Regions "0" and "V."

It is appropriate, as part of this annual report, to revisit an assessment of the environment for health reform in the DR prepared by Karen Cavanaugh of USAID/W in 2000[1]. She identified a number of strategic issues that REDSALUD and USAID should consider as the project began field operations.

HEALTH REFORM ISSUES IN THE DOMINICAN REPUBLIC (Fall of 2000)
Issue 1: Should USAID continue to support health reform in the current administration and what should the decision points be?

[1] Karen Cavanaugh, USAID/W (November 2000). TDY to Santo Domingo, Dominican Republic (Draft Report)

Issue 2: What is the importance of the 10 thematic groups that SESPAS has set up and what should REDSALUD's role be?
Issue 3: What are the relationships between the draft health and social security laws and the process of health reform?
Issue 4: How should other donors' decisions about their support for the country's health reform efforts affect USAID's role?
Issue 5: How should REDSALUD develop its first year workplan?

Using this assessment as a reference point, the following reflections are offered to re-examine some of the underlying project assumptions for the future.

USAID support of health reform and the current administration. "Trigger indicators" for USAID concern, such as an emphasis on hospital construction, potential dissolution of local health directorates, or a prohibition by SESPAS against working with NGOs never fully materialized during Year 1. Public statements made at the time carried more rhetoric than reality. The apparent vocation for "brick-and-mortar" was foiled by fiscal constraints. Provincial health directorates were never threatened and an alleged prohibition against NGOs proved groundless. On the contrary, through REDSALUD, the Mission was able to influence the GODR health reform agenda, as illustrated by improvements in the content of the social security law; the introduction of a competitive and participatory approach for selection of demonstration projects; and a slow but consistent agreement about key issues.

As we look into next year, we must identify a number of somewhat different concerns. One key aspect is the May 2002 election. This is important because of its potential implications on the reform process, ranging from delays in formulation and implementation of regulations, to conflict, and to personnel change. This scenario notwithstanding, we believe the reform process has reached a critical stage, which requires sustained support by USAID and other donors. Elections might be an opportunity to clean house and start fresh.

REDSALUD role in SESPAS transition. The new laws require significant changes within SESPAS' structure and function. Efforts must be made to strengthen human resource development, as well as all programmatic, managerial, and support processes. Although there is strong resistance to change, change is now inevitable. SESPAS must reorganize itself so that it can take care of the disenfranchised while offering effective health promotion and disease prevention programs. In this vein, REDSALUD has participated, and continues to do so, in SESPAS' attempts to shape and strengthen a public service provider network. We have also discussed the need to review the structure, functions, and financing of many vertical priority programs, which are also required to undergo reforms. These are some of the issues under consideration at present within SESPAS thematic groups.

The new legal framework for health reform. Enactment of the health and social security laws was the single most important occurrence during Year 1. REDSALUD provided technical assistance to their formulation. The health law shapes the role of SESPAS as the leading institution in the health sector and as a key provider of

public health services. The social security law sets up both (a) a new retirement system and (b) a new scheme for organizing, managing, providing, and financing individual medical services. Approval of the new laws provided legitimacy and a clear framework to the reform process. The challenge ahead is to operationalize the ideas and good intentions in a technically sound and financially sustainable fashion. REDSALUD is helping with the formulation of relevant regulations.

Other donors' roles and USAID support for health reform. During Year 1 there was an honest attempt to enhance coordination among donors. However, ideological and methodological differences hindered such efforts. Although there is a formal mechanism to facilitate coordination (i.e. thematic working groups), led by the SESPAS Deputy Technical Minister, results remain elusive. REDSALUD believes that coordination is important, both within USAID and among other donors. Efforts must continue to build local capacity to exercise real authority and leadership.

REDSALUD Year 2 Workplan. The main thrust of the project for next year is to consolidate and expand its vision and accomplishments. Using the social security law as a key reference, REDSALUD will support the establishment and operation of a public provider network in Region "V." In addition, the project will begin discrete activities in Region "0." These activities will reflect agreements and support by key counterparts, such as SESPAS, CERSS, and the newly created National Council for Social Security (NCSS). REDSALUD's Advisory Council will also be asked to review and endorse the workplan for Year 2, prior to USAID's final approval. The basic approach will continue to be demonstration projects as the building blocks of the provider network. We anticipate that at least 6 new demonstration projects will begin by July 2002. All three technical components of the project will work in unison. The SESPAS Support Component and the Policy Support Component will serve as bridge and as catalyzer, respectively, between local innovations and the larger health care system. Evaluation activities will get in gear, providing opportunities to review data, work with counterparts on data analysis, interpretation, and decision-making.

Conclusions

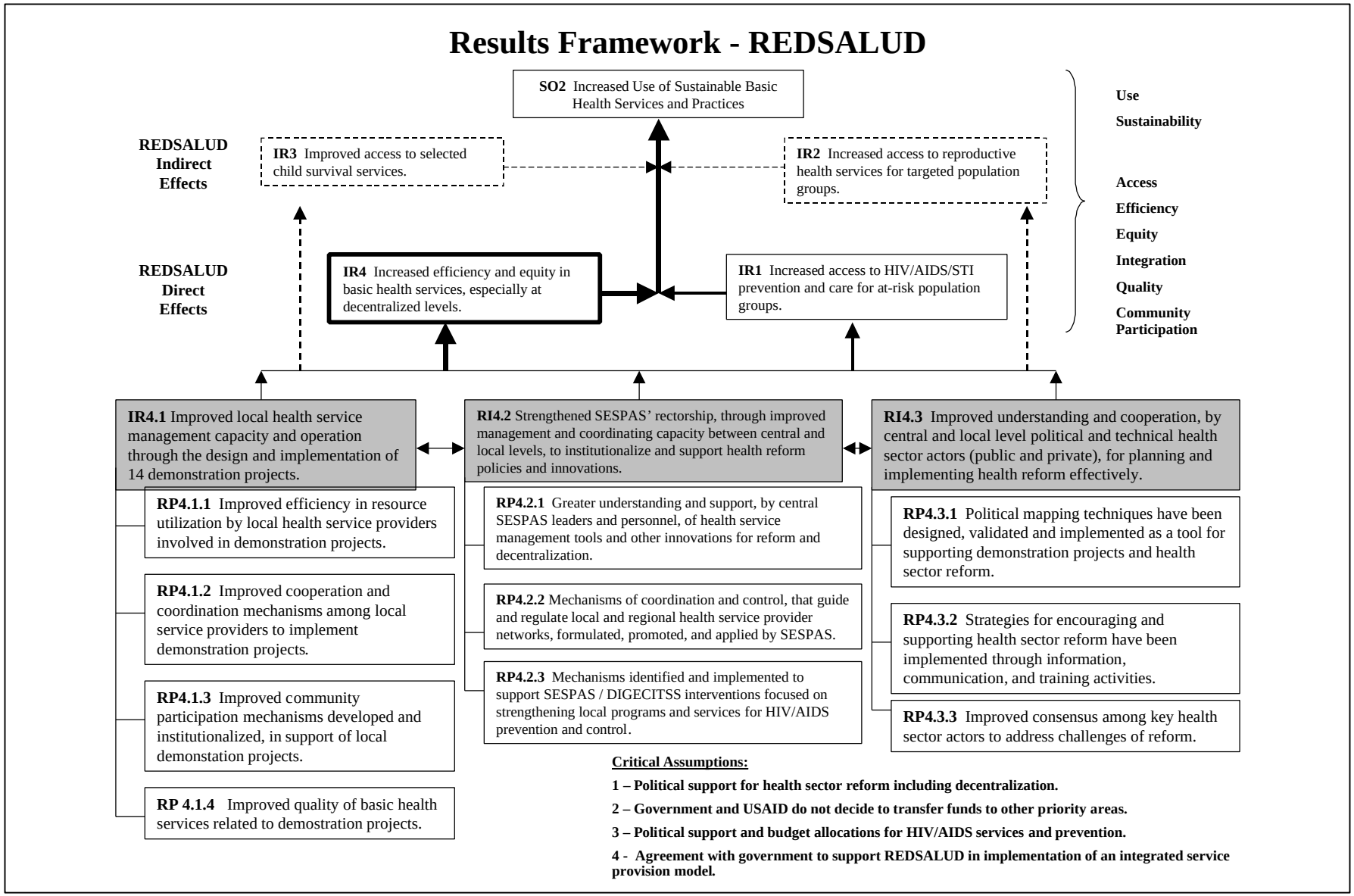
USAID signed a contract with Abt Associates to implement REDSALUD, a 5-year program in support of health reform in the Dominican Republic. The ultimate purpose of the project is to contribute to improving the delivery of basic health services at the local level, which is a common goal for USAID as well as the GODR. During Year 1 REDSALUD established the conditions to begin project activities, such as a technical team and office, as well as working relationships with key counterparts. Although most activities were process-driven, several results were achieved. These include the enactment of the health and social security laws (to which REDSALUD definitely contributed), the establishment of an Advisory Council, and the signing of three demonstration project agreements with provincial health directorates. Approval of the new legal framework has been key to the health reform process as it provides a cenceptual basis and a clear mandate for change.

For 2002 and beyond, the strategies described earlier will maintain previously initiated efforts of the project in the following areas:

a) Intensify the process of organizing and managing integrated health services at the local level. The new legal framework is absolutely clear about this mandate, which requires establishing the technical, administrative and financial bases to sustain decentralization efforts in an organized fashion;
b) Continue to support central SESPAS in order to undergo the institutional redesign process that the law dictates and to support local service delivery; and,
c) Continue to support and foster a favorable political environment for health sector reform, increasing knowledge and information about the impending changes; maintaining stakeholder commitment to support reforms; and ensuring continued coordination among various efforts.

The REDSALUD results framework and more detailed information about project activities appear in Annexes A – E.

Annex A. Results Framework



Annex B. Presentations and Documents Prepared by REDSALUD during Year 1

Presentations	Relevance to REDSALUD results
1. Presentation: Lessons Learned – Support to Local Organizations in Ecuador (APOLO Project)	Stakeholder audience; information dissemination on health reform
2. Presentation: Social Security and Aging	Older population public awareness, information dissemination
3. Presentation: Flagship course experience	Local stakeholders; information dissemination
4. Presentation: What Should We Know About the Health Sector?	Motivate and educate health sector officials about the scope and content of health sector reform
5. Presentation: The Social Security Law and the Eastern Region. Challenges and Obstacles.	Motivate and educate the DPS technical teams on this topic
6. Presentation: The New Social Security Law - Scope and Content.	Motivate and educate the members of REDSALUD's Advisory Council
7. Presentation: The New Social Security Law and the Practice of Family Medicine	Motivate health workers, teachers, and students pursuing this specialty in a Santo Domingo hospital to understand the importance and scope of the new laws and their practice implications.
8. Presentation: Results of the demonstration project proposal process and REDSALUD's proposal for Region V given the new health laws	Region V officials and staff; improve understanding of demonstration project selection process.
9. Presentation: Proposal for the Creation of Consortium of Health Service Providers in the Eastern Region	Motivate and educate political, civil and health authorities; health sector personnel and the community in general about the scope and importance of this alternative for the Region
10. Presentation: Poverty, Health and Equity.	Local stakeholders; presentation of a framework for the analysis of poverty and health reform
11. Presentation: Payment and Contracting Mechanisms in Dentistry	Motivate dentists to analyze this topic in the context of health reform.
12. Presentation: Health Reform in Colombia - Accomplishments, Challenges and Lessons Learned	Motivate and educate health sector officials about the scope and content of the Colombian health sector reform experience and lessons learned for consideration by the DR.
13. Presentation: Development and Strengthening of the Management Capacity in the Eastern Region	Motivate and educate REDSALUD technical team and the DPS' in the Eastern Region about the content and strategies for this topic (during the Start Up Workshop for Project REDSALUD)
14. Presentation: Decentralization - Strategy for Improved Quality, Equity and Efficiency in Health Services.	Motivate and educate health sector officials about the scope and content of this topic
15. Internal presentation: Planning Activities	Motivate, educate and involve the REDSALUD

Presentations	Relevance to REDSALUD results
for REDSALUD 2001/2002. An Analysis of options and strategies.	technical team in this area.
16. Presentation: Introduction of Project REDSALUD to NGOs members of INSALUD	NGO stakeholder public awareness, networking
17. Internal presentation: Social Security System in Costa Rica (Dr Luis Saenz)	Information dissemination among technical staff
18. Document: Regulation Proposal for Health Service Provision in the Dominican Republic.	Motivate and educate SESPAS, CERSS, service providers and other health organizations about the content and needs of this regulation
19. Document: Regulation Proposal for General Preventive Health Services of the Social Security law.	Motive and educate SESPAS and other key actors about the content and needs for this regulation
20. Document: Regulation Proposal for Contracting NGOs and Other Private Entities	Motive and educate SESPAS, CERSS, NGO and other health organizations about the content and needs of this regulation
21. Document: Proposal to Implement a Solid Waste Recycling Pilot Project in the Eastern Region.	Solicit funding from USAID for this initiative that will serve as the financial base for specific health programs
22. Document: Proposal for User Satisfaction with Health Services Survey	Motivate and educate REDSALUD's technical team and the DPS' in the Eastern Region about the importance and content of this instrument in evaluating the results of improving management capacity.
23. Document: Proposal for the Restructuring of the DPS	Motivate and educate SESPAS, CERSS, DPS and other health organization about the need, format and content of this proposal / topic.
24. Document: Proposal for the Development of a Management Incentive Plan.	Motivate and educate REDSALUD technical team and the DPS' in the Eastern Region about the importance and content of this topic
25. Document: Proposal for the Creation of a Regional Primary Health Care Network	Motivate and educate the technical team of SESPAS' Primary Health Care Directorate about the content, strategies and scope of this topic.
26. Document: Proposal for Workshop on: "How to plan and manage a mass vaccination campaign"	Motivate and educate REDSALUD's technical team and the DPS' in the Eastern Region about the importance and content of this topic.
27. Document: Proposal for an Index to Measure Health Services Management in the Dominican Republic.	Motivate and educate SESPAS, CERSS, DPS, other health organizations and the REDSALUD technical team about the need, use and content of this type of tool
28. Document: Proposal for a Demonstration Project on Payment Mechanisms and Contracting Health Services	Motivate and educate the REDSALUD technical team and the DPS' in the Eastern Region about the importance and content of this topic

Presentations	Relevance to REDSALUD results
29. Document: Guide of Basic Recommendations for Elaborating Health Regulations	Motive and educate SESPAS, CERSS and other health organizations about the basic content and how to create a regulation.
30. Document: Guide to the Formulation, Presentation, and Evaluation of Demonstration Projects.	Motivate and educate REDSALUD technical team and the DPS' in the Eastern Region about the importance and content of this topic
31. Document: Framework for a Program on Developing and Strengthening Health Service Management Capacity in the Eastern Region.	Motivate and educate REDSALUD technical team and the DPS' in the Eastern Region about the importance and content of this topic
32. Document: Strategies for Elaborating 2001/2002 REDSALUD Plan.	Motivate, educate and involve the REDSALUD technical team in this area.
33. Document: Proposal for Development of a Basic Health Services Management Course in the Eastern Region.	Motivate and educate SESPAS, CERSS, DPS, other health organizations and the REDSALUD technical team about the need, format and content of this topic
34. Cosponsored workshop on "Decentralization with Community Participation"	Local stakeholders; information dissemination and awareness

Annex C. REDSALUD Networking

Name of Institution	Type of Relationship/ Relevance to REDSALUD Results
SESPAS (central, regional, provincial, and local levels)	Key counterpart; target of technical assistance on decentralization
COPRESIDA	TA target; Partner – HIV/AIDS
George Washington University	Partner; FONAP program
IDSS	Local partner
FONAP	Professional interchange of ideas, field visits, presentations, technical "advice"
FHI (DIGECITSS)	Working collaboratively on HIV/AIDS prevention effort
CIPESA	Interchange of ideas on how to create a critical mass of Dominican well–informed on health sector reform media strategies
PAHO/WHO	Technical assistance - Partner
PROSISA	European Union health reform program - Partner
National Personnel Management Office	Advisory, policy making group
CERSS	Policy maker; partner
Médicos Mundi	Sharing of experiences and ideas, participation in planning workshop
INSALUD	Local partner
PRIME II	USAID partner
EngenderHealth	USAID partner
AccionSIDA	USAID partner
Disaster Preparation and Management and Reconstruction Project (PMR)	Partner
Several NGOs	Local partners
PHR	USAID partner
GTZ	Donor partner in Region V

Annex D. Training Activities in Support of a Critical Mass for Health Reform in the DR

Information disseminated / training activity	Purpose / Topic	Date	Location	# of participants
1. REDSALUD presentation to NGOs	REDSALUD was formally presented to the various NGOs that are members of INSALUD	10/2000	Santo Domingo, DR	70
2. CLAD	Health Reform Seminar	10/2000	Santo Domingo, DR	7
3. Workshop for NGO's on Financing and Cost Analysis	Present project experience and lessons learned from CARE Ecuador, included cost analysis of health services and various aspects of financing	10/2000	Juan Dolio, DR	29
4. Workshop on Operational Planning, Regional Directorate III	Workshop on Operational Planning	11/2000	Playa Grande, Río San Juan	35
5. Policy Dialogue on Social Security Law (CIPESA)	Training for media / communications specialists	03/10/2001	Boca Chica, DR	26
6. Start-Up Workshop for Health Region V	Directed at Support to Local Management in Health Region V	03/2001	Juan Dolio, DR	35
7. Flagship course	Health Reform and Sustainable Financing	04/2001	Santiago, Chile	2
8. Workshop COPRESIDA	Updating the national strategic plan	05/2001	Santo Domingo, DR	50
9. Training Workshop in Primary Health Care	Training for medical interns at SESPAS	05/2001	Santo Domingo, DR	25
10. Curse on Evaluation of the Political Climate for Health Sector Reform	Policy dialogue training	08/2001	San José, Costa Rica	1

Annex E. Field Visits carried out by REDSALUD during Year 1

Date	Province	Site visited and purpose
October 5, 2000	Municipio Consuelo, San Pedro de Macorís	SESPAS Maternal and Child Sub-center Divina Providencia Clinic (ONG) IDSS Clinic Consuelo Mayor's Office
October 9, 2000	Sección Hato Damas, San Cristóbal	Rural Clinic Hermanas Mirabal (community/SESPAS)
October 12, 2000	Baní and Ocoa, Peravia	Regional Directorate I Development Project Rural Clinic Private Clinic Ocoa
October 13, 2000	Santiago de los Caballeros	Centro Juan XXIII Regional Health Directorate
October 18, 2000	Hato Mayor	Meeting with Director Region V Meeting w/Director and DPS team from Hato Mayor Private Clinic Provincial Hospital Rural Clinic El Cercado
February 23, 2001	El Seybo	Provincial Health Directorate (DPS), Hospital Teófilo Hdez., MCH Center La Higuera, Rural Clinic El Pintado
February 26, 2001	La Altagracia	DPS, Municipal Hospital San Rafael de Yuma, Rural Clinic Boca de Yuma, Rural Clinic La Otra Banda
February 28, 2001	San Pedro de Macorís	DPS, Municipal Hospital Los Llanos, Urban Clinic Centro Integral Barrio Lindo (UNAP), Rural Clinic Cayacoa, MCH Center Vida (ONG).
March 2, 2001	La Romana	DPS, Rural Clinic Cumayasa, Rural Clinic Km. 10 and 14.
April 5,12,18,19,25,26 ,30	Hato Mayor, El Seybo and La Romana.	Meetings with DPS teams Adjust proposals
May 16,29,30	El Seybo and La Romana.	Meetings with DPS teams
June 5,7,12,15,18, 19,21, 28, June 13	El Seybo, Hato Mayor and La Romana. Hato Mayor	Meetings with DPS teams

Date	Province	Site visited and purpose
July 25, 2001	San Pedro de Macorís	Formalize the cooperative agreement for the first demonstration projects.
August 2, 2001	DPS Santo Domingo Boca Chica.	Establish contact for implementation of the pilot testing for the management index that will be used to establish base line data.
August 2, 2001	Hato Mayor, El Seibo and La Romana	Coordinate activities for assisting grantees in the preparation of funding solicitations in the first few months of the demonstration projects.
August 14, 2001	DPS Hato Mayor	Introduce to administrative personnel the handling of forms and reports required in the grant agreements.
August 15, 2001	El Seibo y Hato Mayor	Identify various aspects to be considered in soliciting funds (established budget, quotes, terms of reference) In Hato Mayor, the terms of reference were defined for the sub-contract with ADOPLAFAM.
August 16, 2001	La Romana	Identify various aspects to be considered in soliciting funds (established budget, quotes, terms of reference) for conducting a population census and management training.
August 23,24,25 and 26	La Romana, El Seibo, Hato Mayor	Support to DPS in logistics (vehicle, driver, gasoline), supervision and evaluation of the mass vaccination campaign.
August 27, 2001	Hato Mayor, Seibo, Romana	Revise the timelines and budgets for the demonstration projects and elaborate operational plans for the current year.
September 5, 2001	El Seibo	To assist in the presentation of the Control of Acute Diarrhea Disease demonstration project to the personnel of the various health centers.
September 05, 06 y 07/01	El Seibo, Hato Mayor and La Romana	Follow-up to the counterpart reports presented by the demonstration projects.
September 9, 2001	Romana	Revision of registers for the Expanded Program in Immunizations.
Septiembre 11/01	El Seibo	Presentation of the project to personnel of the health centers.
September 12, 2001	Hato Mayor	Raise awareness, motivate and inform the health personnel in the design and collection of information necessary for the monitoring and evaluation process of the ADD project.
September 13, 2001	Clínica de Salud Familiar San Bartolo, Santo Domingo	Validate the measurement instrument that will be utilized for baseline data collection.
September 14, 2001	Hospital El Almirante, Santo domingo	Validate the measurement instrument that will be utilized for baseline data collection.
September 18, 2001	Clínica Rural, Barrio El Bonito, San Isidro	Validate the measurement instrument that will be utilized for baseline data collection.

Date	Province	Site visited and purpose
September 25, 2001	La Romana	Review census information, review information needs for establishing baseline data, terms of reference for management training, reformulation of the EPI register.
September 26, 2001	El Seibo	Raise awareness, motivate and inform health personnel about the design and collection of information necessary for the monitoring and evaluation process of ADD.
September 26, 2001	Hato Mayor	Monitor the selection process of the EPI Demonstration Project Support Committees (ADOPLAFAM)
September 27, 2001	Health Directorate for Area 2	Validate the measurement instrument that will be utilized for baseline data collection.